



# Kansas Medicaid Pharmacy Review and Recommendations

House Social Services Budget Committee  
February 2, 2009

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# Overview

- Program description
- Medicaid pharmacy management
- Program trends and cost drivers
- Safety concerns
- Recommendations



# Federal Guidelines for Medicaid Coverage

- Pharmacy is an optional benefit
- All states offer benefit
- States must maintain open formulary
  - Includes all manufacturers with a federal rebate agreement
- States may impose conditions on access to drugs



# Kansas Medicaid Program Management

- Drug Utilization Review (DUR)
  - Education for providers, safety reviews, cost avoidance
  - Program managed by board of clinicians
- Prior Authorization (PA)
  - Assures appropriateness of therapy before it is dispensed
  - Based on information submitted by prescriber
  - Criteria established by the DUR Board
- Preferred Drug List (PDL)
  - Advisory committee determines whether drugs in a class are therapeutic substitutes
  - “Preferred” drugs established only within therapeutic classes
  - Non-preferred agents in a therapeutic class require PA
- Drugs used to treat mental health are restricted from management by Kansas statute



# Drug Utilization Review Board

- Required by Federal statute: OBRA'90
- Provides guidance for prescriber education efforts (Retrospective DUR) and Point of Sale edits for interactions between drug prescribed and patient allergy, disease states, etc (Prospective DUR)
- Approves prior authorization criteria
- Composition: 4 physicians, 4 pharmacists, and 1 ARNP or PA
- Current chair is a psychiatrist



## Preferred Drug List

- Implemented in 2002
- Guided by the PDL Advisory Committee
- Composition: 5 physicians, 4 pharmacists
- Advisory committee acts independent of cost information
- Costs considered after drugs are determined to be therapeutically equivalent
- PDL list is established in Kansas regulations
- 34 drug classes currently on PDL
  - Drugs used for heart disease, cholesterol, and others
  - Drugs like insulin for diabetes, albuterol for asthma, and various pain medications are all time sensitive



# Current Safety Initiatives

- Maximum daily dose edits\*
  - Prevents patients from getting more of a drug than is safe
- Therapeutic duplication edits\*
  - Alerts pharmacist if patient is already on a similar drug
- Drug-condition edits\*
  - Alerts pharmacist of potential medical condition (i.e. pregnancy) and drug interaction
- Academic detailing
  - Visits to physician offices by pharmacists to provide clinical information about issues selected by the DUR Board
- \*State law prohibits use of these safety edits for mental health drugs



## Fee-for-Service Pharmacy Program

- Expended \$160 million dollars in fiscal year (FY) 2008
- 745 contracting pharmacies
- Provided services to 113,446 unique beneficiaries in 2008





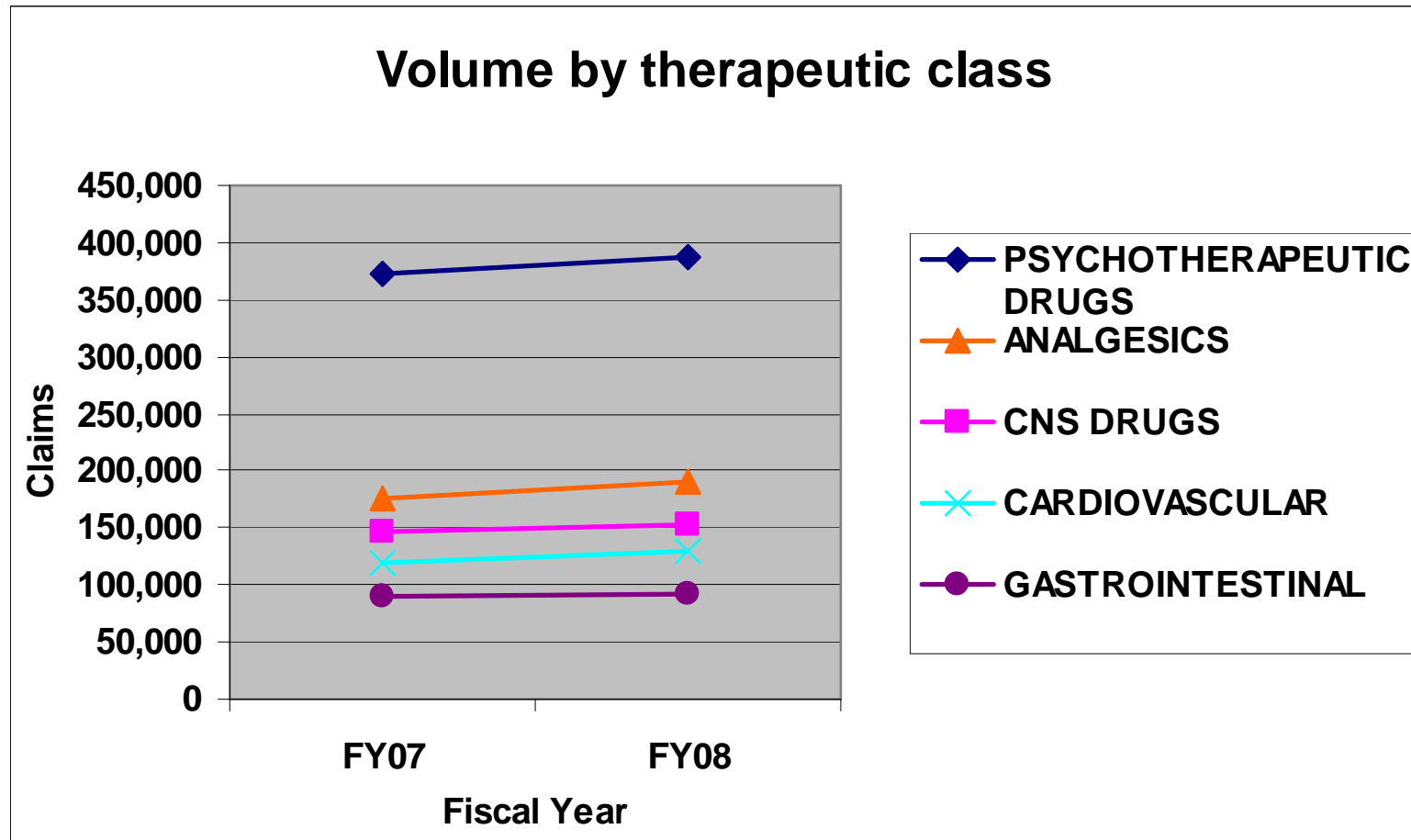
# Program Trends

## Non-HealthWave Population Only

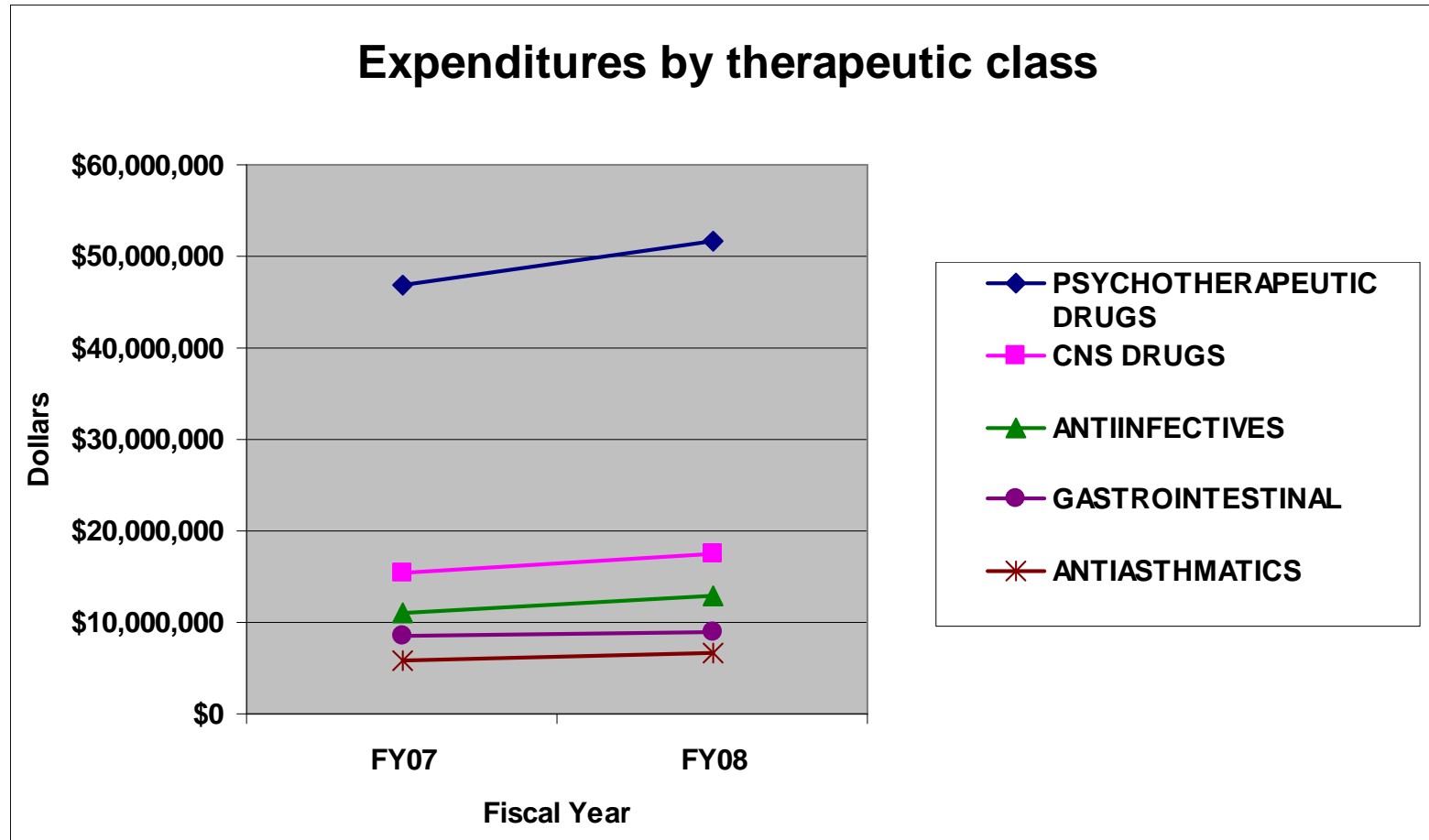
	SFY 2007	SFY 2008	% increase
<b>Prescription Expenditures</b>	\$ 131,537,003	\$ 147,455,386	12%
<b>Prescription Claims</b>	1,622,392	1,719,269	6%
<b>Cost per Prescription</b>	\$ 81.01	\$ 85.77	6%
<b>Persons Served</b>	66,605	68,520	3%
<b>Claims per Person</b>	24.36	25.09	3%
<b>Cost per Person</b>	\$ 1,975	\$ 2,152	9%

- Cost drivers
  - Increasing enrollment
  - Increasing utilization
  - Increasing costs per prescription

# Program Trends: Unsustainable Growth



# Program Trends: Unsustainable Growth





# Safety Concerns for Mental Health Drugs

- Antidepressants
  - Increased risk of suicide identified for some groups
- Atypical antipsychotics
  - Higher incidence of obesity
  - Increased incidence of Type II diabetes
  - Increased incidence of cardiovascular disease
  - Long run advantage in effectiveness unclear
  - Increased mortality for Alzheimer patients



## U.S. Kids Take More Psychotropic Drugs Than Europeans

*Cultural differences, regulatory practices may explain difference, researchers say*

Posted: September 25, 2008



## Study: Children increasingly medicated

Posted: November 3, 2008



## Study indicates kids are increasingly medicated

Posted November: 4, 2008



## Potent Pills: More foster kids getting mood-altering drugs

Posted: December 9, 2007



## State medication protocol researchers sought money from drug firms

Posted: October 26, 2008



## Curbs sought on psychiatric drugs given to children

*KENTUCKY MEDICAID OFFICIAL SAYS THEY COULD POSE HEALTH RISKS*

Posted : October, 7, 2008



# Safety Concerns in Kansas Medicaid

- Approximately 6,200 beneficiaries less than 18 prescribed atypical antipsychotics
- 177 children less than 4 prescribed an atypical antipsychotic
  - No FDA approved indication for younger than 5
- 201 children less than 18 prescribed 2 or more atypical antipsychotics simultaneously
- 214 children under 18 prescribed 5 or more psychotropic medications within a 90 day period



## Children in Foster Care

- 52% of children in state foster care system are on mental health medications
  - 20% of foster children are on an atypical antipsychotic
  - 20% are on an anti-depressant
- Overall use has fallen from 71% in 2004, when an FDA black-box warning was placed on anti-depressants for children
- Payments for antipsychotics has increased from \$2 million in FY 2002 to \$5.5 million in FY 2008



# Current Interventions Are Not Working

- Comprehensive Neuroscience (CNS) project, sponsored by Eli Lilly and Company to change mental health drug prescribing through educational mailings, began in 2006
- To date, no positive impact demonstrated
- Research indicates modest impact at best from educational efforts such as these
- Interventions leave unsafe practices unaddressed for up to six months
- Interventions target selected providers, leaving some beneficiaries without help
- Other states have successfully incorporated a CNS project into a broader pharmacy management program that includes direct interventions such as prior authorization or mandatory peer review





## Access Concerns in Kansas Medicaid

- 43 Kansas counties have no mental health provider
- 65 Kansas counties have no mental health professional that can prescribe medication
- Most mental health medications are prescribed by primary care providers



## Summary of Concerns

- Prescription drug spending growth unsustainable
- Mental health drugs account for a significant percentage of the growth
- Numerous safety concerns regarding use of mental health drugs
- Access to mental health professionals limited
- Many Kansas Medicaid beneficiaries lack access to evidence-based use of mental health medications



# KHPA Policy Objectives

- **Right tools...** Point of sale management will give physicians the right tools they need to safely prescribe medications for mental health consumers
- **Right price...** A preferred drug list will use taxpayer dollars wisely by providing mental health medications at the right price to meet consumer needs
- **Right providers...** Safety edits and a preferred drug list will be developed by mental health experts, the right providers to support making decisions for mental health consumers
- Work with mental health community to come up with a trustworthy process to address safety and costs
  - Community mental health centers
  - Psychiatrists
  - Health plans
  - Other providers



# Recommendations

- **The right tools...** Implement automated PA system
  - Real-time application of drug use criteria
  - Instantaneous approval at the point of sale
  - Decreased burden on pharmacists and medical providers
  - Funded internally: implemented incrementally
  - Yields savings through expanded PDL
  - Limited by funds available for investment in the automated system and associated call center

## Recommendations

- **Right tools, right price...** Remove the state law preventing direct management of mental health drugs
  - Allow establishment of PDL for selected classes of mental health drugs
  - Enable application of safety standards at the point of sale
  - Provide mechanism for real-time quality improvement
  - Bring mental health expertise directly to all Medicaid consumers
  - Anticipate savings from reductions in inappropriate prescribing and introduction of price competition

# Recommendations

- **Right tools, right price, right providers...**  
Appoint a Mental Health Prescription Drug Advisory Committee
  - Will develop prescribing guidelines for selected classes of mental health drugs
  - Will establish safety criteria
  - Will establish therapeutic equivalence
  - May establish a PDL
  - May recommend PA criteria to DUR
  - Ensures a transparent process driven by experts
  - Nominations closed 1/23/09

## Medicaid Savings in FY 2010 (Governor's Recommendation); excludes Fee Fund proposals

<u>Reduced resource items</u>	<b>SGF</b>	<b>All Funds</b>
Manage Medicaid Mental Health Pharmaceuticals through an expanded Medicaid preferred drug list	\$800,000	\$2,000,000
Time Limit Medikan to 18 months with additional employment supports	\$6,700,000	\$6,700,000
Pharmacy Changes: Cost reimbursement for physician office administered drugs; Improve cost avoidance and third party liability; Accelerate review of generic drug price limits	\$4,400,000	\$11,000,000
<u>Medicaid transformation items</u>		
Ensure Medicare pays its share of hospital charges for beneficiaries with dual eligibility; other administrative savings	\$4,000,000	\$10,000,000
Home Health Reforms	\$200,000	\$500,000
Durable Medical Equipment pricing reforms	\$160,000	\$400,000
Transportation Brokerage	\$200,000	\$500,000
Tighten payment rules for Hospice Services	\$300,000	\$750,000
Automate and expand pharmacy prior authorization;	\$300,000	\$750,000
Total	\$17,060,000	\$32,600,000

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